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This week's cover:

A Brazilian worker picks coffee, which, as one of the country's major exports, helps to keep Brazil's international agricultural trade favorably balanced. For more detail on Brazil's present and projected trade see page 5.

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Portugal will spend over $4 billion the next 6 years to develop its agriculture—an industry that still uses picturesque windmills, such as the one above, to grind some of its grain. Part of the development funds will finance studies like that on hybrid corn being conducted at the Braga Research Station, below.

Portugal's Farm Development Plans

By FORD M. MILAM
U.S. Agricultural Attaché
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Agricultural Assistant, Lisbon

In its latest plan for national economic development, in effect since January, the Portuguese Government is putting greater emphasis on agriculture. Of the 123 billion escudos (about US$4.3 billion) programed by the Third Development Plan for 1968-73, nearly 12 percent has been allocated to agriculture. In the previous development plan, the Intercalary Plan for 1965-67, only about 8 percent of the funds were earmarked for agriculture. The 1968-73 plan calls for a minimum yearly growth rate of 3 percent in agriculture, compared with the present rate of about 1 percent.

The total plan

Funds allocated for the 6-year period of the present plan to 10 sectors of the national economy are shown in the table at top of right-hand column.

Agriculture, which ranks fourth in amount of allocation, will benefit to a greater extent than this standing indicates, however. It will also profit directly or indirectly from investments in other sectors.

Money spent for tourist activities, for example, could increase the demand for agricultural produce as it has in the past. During 1967, over 2 million tourists visited Portugal, creating a sizable market for high-quality foods.

Funds allocated for the industrial and energy sectors will finance expansion of irrigation for agriculture. And funds to be spent on improved transportation, handling, and distribution systems for various Portuguese products will help solve a major agricultural problem. That is the burdensome and inadequate marketing system, which includes an extremely large number of intermediaries, resulting in increased product prices for the consumer but no advantage to the producer.

Funds for agriculture

As shown in the table, right below, nearly one-fourth of the funds to be allocated to agriculture under the present 6-year development plan will go to develop livestock and forage. Portugal imported about $12 million worth of meat and dairy products in 1966, and preliminary data indicate higher imports in 1967.

At present, the government is encouraging large imports of beef and dairy breeding stock as replacements for low-producing animals. Greater beef and dairy production will result in increased demand for feedgrains, high protein meals, and inedible tallow.

Portugal's imports of feedgrains, mainly corn and grain sorghum, reached 350,000 metric tons in crop year 1966, more than double imports in 1965. The United States supplied 56 percent of the 1966 feedgrain imports. In the past 2

TOTAL INVESTMENT PLAN, 1968-73

Sector	Allocation
	Mil. U.S. dol.
Industry	1,090.2
Transportation, communication, weather	948.2
Energy	616.2
Agriculture	511.0
Tourist activities	414.8
Housing and urbanization	281.8
Education and investigation	197.5
Rural improvements	100.8
Health	81.8
Fishing	64.5
Total	4,306.8

AGRICULTURAL ALLOCATION, 1968-73

Item	Amount
	Mil. U.S. dol.
Livestock and forage	121.0
Forestry (includes hunting and fishing)	65.7
Cereal production	63.2
Agricultural improvements	50.1
Agricultural mechanization	32.2
Irrigation works	31.3
Improvement of irrigated areas	26.4
Agrarian studies	16.8
Grape and wine production	14.8
Horticulture	11.6
Acquiring of equipment	8.1
Cooperative development fund	4.2
Plant protection	4.0
Animal health	3.5
Agricultural extension	2.0
Economic studies	.6
Basic studies	.4
Olive production	.4
Other	54.7
Total	511.0

Livestock and mechanization are two items high on the list to receive 1968-73 agricultural development funds. Below, local breeds of beef and dairy cattle. Right, combines harvesting wheat in the Alentejo region.

years the United States has also become a larger supplier of soybean meal and tallow.

Portugal purchased 2,000 head of U.S. Herefords in 1967; further imports of U.S. beef and dairy breeding stock are forecast for 1968. Foreign Agricultural Service—in cooperation with the American Hereford Association, Holstein-Friesian Association of America, U.S. Feed Grains Council, U.S. Soybean Council, National Renderers Association, and U.S. swine breeders—is assisting the agricultural officials in Portugal in livestock improvement through the use of both high-quality breeding stock and properly balanced rations.

Forestry—which includes hunting and fishing—ranks second in amount of agricultural funds allocated. Portugal has beautiful forest and beach camping areas, and rural recreation will play a major role in overall development during the period of the present plan. Increase of fishing, hunting, and recreational areas for tourist encouragement will not only increase income in rural areas but will assist in soil, water, and natural resource conservation, and thus aid agriculture.

At present there are nearly 5 million acres of land that should go into forestry. The plan calls for a maximum of regional forestry development adapted to the specific characteristics of each area.

Irrigation funds from the agricultural allocation will be used for land preparation and water-distribution systems. The plan calls for eventual irrigation of approximately 420,000 acres in the Alentejo area southeast of Lisbon at a total cost of US$184 million. About 61,000 acres of this project will be under irrigation by mid-1969. The newly irrigated acres will be devoted to rice, tomatoes, vegetables, forage, and fruits. Tentative plans call also for central vegetable and forage dehydrating plants to be established in the Alentejo area.

Agriculture in the economy

Portugal—including continental Portugal, the Azores, and the Madeira Islands—has a population of over 9.3 million, a gross national product of about US$4 billion.

Agriculture accounts for about 14 percent of the GNP, 43 percent of total export value, and 21 percent of import value. About 35 percent of the population is rural—a decrease from 47 percent in 1950. The 1960 census shows that wageworkers made up 60 percent of the active agricultural population.

Today, agriculture faces a loss of still more workers, increasing labor costs, and total production costs that are rising more rapidly than farm prices. The only solution appears to be greater productivity—per acre and per man, machine, or animal.

Although per capita food consumption of continental Portugal is one of the lowest in Europe, rapid industrial development and increase in urban population is bringing strong pressures for improved living standards, including a better diet.

Part of Portugal's agricultural policy is to encourage and protect production in its oversea provinces. These provinces supply considerable quantities of raw cotton, tobacco, sugar, corn, and edible oils for continental Portugal and in return are the largest market for Portuguese wines, canned fish, and some textiles.

Pickup in India's Soft-Fiber, Jute-Products Output

India's production of soft fibers—raw jute and kenaf—recovered somewhat in 1967-68 from the depressed level of the previous year. This gain allowed a pickup in the country's jute manufacturing industry—world's largest producer of jute products—although a sluggish foreign demand for these products must be overcome if the industry is to recoup to its former level.

Production up 16.6 percent

At an estimated 7.6 million bales, India's combined production of jute and mesta this season is 16.6 percent above that of 1966-67. Accounting for this gain were favorable weather conditions plus the timely supply of inputs such as fertilizers, improved seeds, pesticides, credit, and extension services.

Production of raw jute this season is estimated at 6.1 million bales—15 percent over the 5.3 million of 1966-67. Area harvested for jute was up 12 percent to 2.2 million acres, with much of the gain in West Bengal and Orissa.

Production of mesta is tentatively estimated at 1.5 million bales from 766,000 acres, compared with the unrevised official estimate for 1966-67 of 1.2 million from 786,000 acres. This gain came in spite of a sharp acreage decline in Bihar.

Mill consumption of jute and kenaf, which had been sharply curtailed during 1966-67, has increased this season because of the larger fiber supply. Currently, the Indian Jute Mills' Association is estimating domestic fiber consumption at 7.4 million bales, including 200,000 for non-mill use, against 7.1 million in 1966-67. Further increases, however, depend on the country's ability to regain customers who turned to Pakistan and to synthetic-fiber products when Indian jute goods were in short supply.

With the goal of making its jute manufactures more competitive in the export market, the Indian Government on February 7, 1968, reduced the export duties on hessians (burlap) and sacking by 33 and 44 percent, respectively, and abolished the duty on specialty goods. However, the duty on carpet backing of Rs.600 ($80) per ton continues as does the duty on jute bagging for cotton.

According to trade sources, the reduction in export duties has made Indian hessians more competitive with the Pakistani product. Sacking, however, is still not competitive, and the trade is disappointed that the high export duty on carpet backing was not removed.

Another aid to exports is the March 1 action increasing "basic" excise duties on hessians by 20 percent and on other manufactures by 30 percent. This affects the domestic price structure but has no bearing on the country's export prices, so that larger supplies should now be available for export.

Trade in raw jute declines

To meet its raw-fiber needs, the Indian Jute Mills' Association has requested foreign exchange for the import of about 100,000 bales of high-grade Pakistani jute. But even with this, total imports of jute in 1967-68 will be a mere 150,000 tons or less, compared with the 1,485,418 tons imported in 1966-67.

Exports of fiber also will be lower, in response to industry pressure to keep the raw product at home for use in manufacture of specialty goods. As a result, total exports during the season are not likely to be more than 80,000 bales compared with 186,350 in 1966-67.

—Based on a dispatch from
JAMES H. BOULWARE
U.S. Agricultural Attaché, India

Preview: Brazil's Agricultural Trade

From time to time in coming weeks Foreign Agriculture *will be publishing summaries of studies estimating future supplies of and demands for agricultural products in key producing and consuming countries. Each summary tries to give a picture of the agricultural market 8 to 10 years from now in the country examined. Each study was conducted under contract between the U.S. Department of Agriculture (USDA) and an institution within the country; basic data from the country's sources were used.*

Often, local estimates and figures in the studies and their summaries differ from USDA compilations, and study trends may be more important than quantitative conclusions. USDA does not always agree with the projections given in the studies.

The first summary in the series is published below. The original study was done by the Brazilian Institute of Economics of the Getulio Vargas Foundation and is entitled Projections of Supply and Demand for Agricultural Products of Brazil Through 1975.

Brazil's trade in agricultural products is at present favorably balanced—the value of its exports exceeds the value of its imports. The Foundation study projections indicate that by 1975, if the policies of the Brazilian Government are not changed, international agricultural trade balances will still be favorable to Brazil.

The outlook for individual agricultural products, also assuming a continuation of present policies and economic trends, is that present export products will mostly continue to be exported and that products now imported will still need to be bought by Brazil in 1975. The rapid population growth (3.1 percent per year) and income growth (6.2 percent per year) in Brazil projected by the study will certainly increase demand for products now imported; but substantial increases in the Brazilian gross national product (including agricultural items) will mean that Brazil will supply most of its own wants in agricultural commodities in 1975 and will probably increase its exports of several items.

Stated in more specific terms, import demand for wheat, potatoes, milk products, codfish, and olive oil (the major items now imported) will probably not only continue but be increased. Items traditionally exported (such as rice, corn, yuca, bananas, cocoa beans, coffee beans, sugar, cotton, and tobacco) will be sold abroad in large quantities.

Production and domestic utilization are expected to be about equal for dry beans, beef, pork, goat meat and mutton, poultry, eggs, oranges, and lard and bacon in 1975. At present beef and oranges are exported.

The commodity with the greatest import demand at present is wheat (about 2.4 million metric tons in 1967). Wheat will probably continue to be Brazil's biggest import item and by 1975 may reach the level of 3.2 million tons annually. For other figures and estimates of imports and exports see the accompanying table.

If, however, the Brazilian Government changes some of its present policies of agricultural import restrictions and domestic price supports, Brazil's agricultural trade could take on a new look by 1975.

The Brazilian consumer would like more wheat, potatoes, beef, milk, and oranges and would substitute these for rice, corn, yuca, bananas, and edible oils. Wheat import demand would increase by about 1 million tons; beef and oranges would be imported (about 1.3 million tons of beef and 800,000 tons of oranges). Milk-product imports could jump to 3.8 million tons (in fresh milk equivalent). This new consumption pattern would free considerable domestic production of many commodities for export. Rough rice exports could reach 3.5 million tons, corn about 5 million tons, and oilseeds 900,000 tons. Exports of yuca and bananas would also increase.

Potential U.S. trade or probable U.S. share of Brazil's foreign trade was not ascertained in the study. However,

NET TRADE OF SELECTED AGRICULTURAL PRODUCTS, 1960, WITH PROJECTIONS FOR 1975

Agricultural product	1960 Net trade[1]	1975 Net trade[1]	
		Potential[2]	Effective[3]
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*
Cereals, beans, roots, and tubers:			
Rice, rough	+40	+3,520	+100
Corn	+140	+4,950	+320
Wheat	—2,020	—4,190	—3,210
Dry beans	0	0	0
Potatoes	—30	—720	—60
Yuca	+130	+9,490	+710
Meat and livestock products:			
Beef	+30	—1,290	0
Pork (excluding lard and bacon)	0	+220	0
Mutton and goat meat	0	—40	0
Milk (fresh milk equivalent)	—80	—3,790	—130
Poultry	0	0	0
Eggs	0	+350	0
Codfish	—30	+240	—90
Fruit:			
Bananas	+280	+1,590	+670
Oranges	+120	—800	0
Edible fats and oils:[4]			
Lard and bacon	0	—160	0
Cottonseed[5]	0	+540	0
Peanuts[5]	0	+140	0
Corn oil	0	+30	0
Olive oil	—9	—14	—14
Soybeans[5]	0	+120	0
Copra	0	+70	0
Export products:			
Cocoa beans	+152	+200	+200
Coffee beans	+920	+1,170	+1,170
Other:			
Sugar, centrifugal	+630	0	+1,000
Cotton	+140	+440	+440
Tobacco	+35	+160	+160

[1] Plus (+) indicates export availability, minus (—) indicates import requirement. [2] Potential measures the demand resulting from projected income and population levels, and reflects consumer preference assuming 1960 relative prices. [3] Effective takes into account past trends as well as consumption substitution affected by available supply and relative price changes. [4] Net trade balance considering edible oilseed and oil trade approximately in balance in 1960. [5] Estimated production for edible oil processing only, which accounted for approximately 73 percent of cottonseed production, 34 percent of peanut production, and 41 percent of soybean production output in 1960.

indications are that Brazil will need to import only minimum quantities of agricultural products, other than wheat. Export projections by the Foundations show increased potential and probable competition with U.S. exports in several commodities. According to other sources, the export projections in this study may prove conservative.

Aspects of the study that could be rewarding to further analysis by those interested in the agricultural economy of Brazil are the results of the family budget surveys (by major regions) and of surveys of farm production. Family and farm survey results include income elasticities, substitution coefficients, and production functions for commodities studied. The production functions include production response to fertilizer use, chemical treatments, improved seeds and breeding stock, and land area. Survey results are tabulated so that information is easy to find and use.—JOHN EARL HUTCHISON

Foreign Regional Analysis Division
Economic Research Service

Commercial Rabbitries Develop—

Rabbit Production Gains New Interest in Germany

Commercial production of rabbits is becoming increasingly popular in West Germany as demand for this meat outstrips domestic supplies. With the growing interest in rabbit breeding and feeding, feed producers in this country, like those in Italy,[1] are putting out larger quantities of specially mixed feeds comprised of feedgrains and dehydrated alfalfa.

At one time, rabbit was considered the meat of poor people. Statistics show that consumption of rabbit meat increased tremendously during the two World Wars, as well as during periods of economic depression. Since 1960, however, this image of rabbit meat has changed considerably. The lean white meat of young rabbits is now looked upon as a delicacy in many countries with high living standards, including West Germany, France, and Switzerland. Rabbit meat replaces some of the demand for veal, which is expensive.

Estimates show that West Germany today produces approximately 15,000 to 20,000 tons of rabbit meat valued at $25 million to $30 million. Demand is larger than the supply, resulting in imports of $10 million worth annually. These come from Poland, Hungary, Romania, and other East European countries and from Denmark and the United States.

Still small-farm business

Most of the rabbit meat produced in West Germany still comes from small farms and from noncommercial producers who breed rabbits as a hobby. In some parts of the country, however, commercial farms producing 5,000 to 10,000 rabbits for meat have already been established. In addition, many farmers—especially those engaged in unprofitable dairy production, are becoming interested in rabbit raising as a new or additional source of income.

The growing interest in rabbit raising can be expected to continue. Farmers who wish to pursue this new field can now receive technical assistance, training courses, and performance-rating systems from a number of commercial rabbit producer associations. At Hanover, the most progressive of these associations has started an animal health program conducted by a government veterinarian. The associations are supported by the government to help farm income.

Feed producers are also benefiting from the interest in rabbits. Within the last 4 years, production of complete rabbit feed has increased from 8,000 to 34,000 metric tons. Two types of formulated feeds are now being produced, a breeder feed consisting chiefly of dehydrated alfalfa (22-45 percent), soybean meal, and oats and a fattening ration of corn (10-40 percent), oats (15-20 percent), barley (5-10 percent), and dehydrated alfalfa or grass meal (10-15 percent).

Rabbit producers and feed manufacturers both feel strongly that the profitability of rabbit meat production could be enhanced by use of a ration containing more energy ingredients. In line with this proposition, the Federal Research Institute for Small Animals, in cooperation with the U.S. Feed Grains Council, plans to develop and test rations containing high-energy feedgrains, especially corn and milo.

Several problems remain

The quest for better rations is not all that occupies the minds of Germans interested in turning rabbit production into a thriving business. A number of problems in breeding and keeping the rabbits will have to be solved before a more rapid increase in production can be expected.

Germany still lacks good breeding stock. New Zealand Whites imported from the United States have proved an excellent breed for meat production, but so far imports have been quite small.

The breeding goal of German rabbit producers is:

- Meat rabbits should be ready for slaughter at an age of 10 to 12 weeks and a live weight of 5 to 6 pounds.
- Approximately 30 to 35 rabbits should be raised per doe each year.
- The feed conversion ratio should be below 1:3 (3 lb. of feed to produce 1 lb. of meat).
- Meat produced should be tender and white, and the carcass should contain a high portion of popular cuts.

Some of these goals, particularly those of feed conversion and carcass specifications, have already been achieved in commercial rabbitries. The number of litters and the number of rabbits raised per doe are still unsatisfactory. Since a minimum of 25 rabbits slaughtered per doe each year is necessary for profitable production, fertility improvement has become the major concern of German rabbit-meat producers.

Another impediment to more rapid expansion of rabbit production is the current high rate of mortality. Most losses of young rabbits result from pneumonia, snuffles, and scours. Pneumonia and snuffles, caused by the bacteria pasteurella, are quite difficult and expensive to combat. Nonetheless, some progressive producers have reduced losses to a large extent through humidity and temperature control and the use of cages with wire floors. Another disease, coccidiosis, has been controlled on commercial farms. —KLAUS WERNER

U.S. Feed Grains Council, Hamburg

[1] See *Foreign Agriculture*, Sept. 4, 1967.

British Farmers To Get More Support

By DAVID L. HUME
U.S. Agricultural Attaché, London

The United Kingdom's agricultural policy will not change radically in the coming year, according to the government's 1968 farm price Review announced last month by Minister of Agriculture Frederick Peart. This Review is an annual evaluation of the conditions and prospects of the agricultural industry and a determination of the level of support the government will provide farmers in the coming year. The 1968 Review sets the broad lines of British agricultural policy probably at least until July 1969 for crops and April 1969 for livestock.

Under terms of the Review, British farmers will receive $126 million more in guaranteed prices, subsidies, and grants during financial year 1968-69 (April through March) than they did in 1967-68—the greatest rise in annual support in 20 years. However, farmers' costs for producing commodities covered by the Review are expected to increase some $164.4 million in the same period. Therefore, farmers will have to pay some $38.4 million of the increased costs themselves from the $72 million of increased productivity expected during the year.

Emphasis of this year's Review is very much on higher guaranteed prices. Only a few important changes are made in the system of grants and subsidies. The text of the Review and Minister Peart's statement in presenting it make it clear that the awards to farmers are intended to provide the right background for investment in farming rather than to put extra money into the farmers' pockets.

This year's Review does not—contrary to rumors before its announcement—make any reference to shifting from a cheap food policy to an import levy system or to making the consumer pay more for any food except milk. It has been awaited with particular eagerness by farmers and all those interested in agriculture because it is commonly held that it is about the last opportunity the government has to influence agricultural production enough to achieve its goals for 1970 under the terms of the 1965 National Plan. A target of that plan is for U.K. agriculture to provide almost all of the increase in production of temperate zone products needed by 1970.

The past year has been a difficult one for British farmers, on the whole. Costs went up for several reasons, the most significant being devaluation of sterling in November.

By the beginning of this year it was generally acknowledged that more needed to be done in the livestock sector if British farmers were to fulfill their potential. This sector had many difficulties in 1967, which were made even worse by the severe foot-and-mouth epidemic of recent months.

For cereals, the situation was more satisfactory. Total U.K. grain production, which centers mainly on grain for livestock feed, showed a marked increase in 1967. However, it was becoming apparent by the first of this year that certain imbalances were developing between wheat and barley.

Terms of the Review

In view of Britain's present economic situation, the 1968 Review seems a generous one. Total budget cost of all provisions of the Review is estimated at $687.1 million, nearly $40 million more than the latest forecast of outlay in 1967-68. Guaranteed prices are higher or unchanged for all Review commodities except eggs. Wheat and beef production received particular encouragement.

Cereals. The guaranteed price of wheat is raised 18 cents per 112 pounds, to $3.29. Of equal significance, and possibly of greater potential for increased production, is the removal of the standard quantity limitation on production. The removal of this limitation means that farmers will not be penalized however high wheat production goes. It is clear that the award for wheat is meant to lead to the substitution of wheat for imported corn in livestock feed.

Barley is also treated generously, considering the fact that the Minister of Agriculture indicated that he was not pleased with the rising level of barley production. The guaranteed price is increased 5 cents per 112 pounds over 1967-68, to $3.02. The standard quantity limitation is raised 750,000 tons to 8.6 million tons, which is higher than the production in any previous year except 1967 when it reached a record 9.25 million tons.

Net result of the changes in wheat and barley is that the guaranteed price of wheat is now 27 cents higher than that of barley, compared with a 14-cent differential in 1967.

The guaranteed price of oats is now $3.34 per 112 pounds, 5 cents higher than last year.

Beef and milk. In terms of National Plan goals, beef and milk are considered the key sectors of British agriculture. Despite encouragement in the past, there has been only a marginal increase over the long term toward higher cattle numbers for beef production. Fluctuations in market prices for fat cattle and fear of falling returns from milk have undermined farmers' confidence.

The 1968 Review sets the guaranteed price for fat cattle per live 112 pounds at $24. This is a rise of $1.32, more than double the 60-cent rise in 1967.

The guaranteed price for milk is set at 44.9 cents per imperial gallon—an increase of 1.2 cents over the 1967-68 guarantee. The milk price was increased solely to allay farmers' fears of the effect on the pool price of milk of the increased milk production arising from production of more calves for beef. Since no Exchequer allocation is made to meet the cost of this milk guarantee, the retail price of milk will be raised one-half cent per pint starting next July 1; a similar increase was originally intended to begin next December 1.

The Review also increases the hill cow subsidy by $4.80, to $39 per head. The beef cow subsidy goes up $3.60, to $21.60 per head.

The Review retains the system of abatements and supplements in the guarantee system for fat cattle that had to be suspended last summer when heavy imports of Irish beef and store cattle undermined the market, bringing down fat cattle prices to particularly low levels. Fat-cattle producers found that the abatement system cut their deficiency payments to an intolerable degree.

Pigs. Recent increases in guaranteed prices for pigs have not resulted in raising pig production to any great extent because farmers have feared that rises in production would lead to lower returns. Last year's relatively generous award

for pigs resulted in some recovery in pig numbers. However, the government believes this rate of increase should be accelerated. The Review includes two closely related provisions aimed at accomplishing greater pig production. First, the guaranteed price is increased 12 cents per 20 pounds over last year's—to $5.66. Second, the full guaranteed price will be paid on an extra 300,000 pigs.

Sheep and wool. The national sheep flock has been declining for 3 years, and the number of hill sheep has been expanding. To restore more normal sheep numbers and to compensate farmers for increased costs, the Review increases the guaranteed price of fat sheep and lambs 2.5 cents per pound carcass weight, to 42.25 cents.

No change is made in the guaranteed price of wool, 53.25 cents. Nor is there any change in the hill sheep subsidy system which was extended considerably in the 1967 Review.

Eggs. The Review cuts the guaranteed price for hen eggs by 0.25 cent per dozen, to 42.26 cents. Demand for eggs is increasing slowly, and production in 1967-68 is estimated to have reached a record. Although the size of the laying flock is expected to be somewhat lower in 1968-69, increased yields per bird are expected to result in an egg production about the same as in 1967-68. The guaranteed price for duck eggs is reduced by 1.14 cents to 28.45 cents per dozen.

Other supports. The guaranteed price of *potatoes* is increased by 90 cents per long ton to $35.70. Indications are now that potato acreage and production should be more than adequate in 1968, but the government wants to avoid a sharp fall in acreage in 1969. As a further safeguard to the potato grower, the government will meet up to $2.4 million of the Potato Marketing Board's expenses in buying surplus potatoes.

Because *sugar beet* growers will face considerably increased costs in 1968-69, the guaranteed price for sugar beets is increased 42 cents per ton, to $16.38. No change is made in total contract acreage.

According to the Review, legislation to accomplish a grant of $12 per acre for *field beans* for 3 years beginning 1968-69 is to go before Parliament shortly.

The rates of subsidy on *fertilizers* and *lime* are the same in the 1968 Review as they were in 1967. In the past, the rates of fertilizer subsidies have been reduced when fertilizer costs have risen in order to contain the total cost. No such reduction is made in the 1968 Review. The Review notes that increases in fertilizer prices will probably increase farmers' costs by $36 million in a full year.

Reactions to the Review

The National Farmers' Union usually either formally agrees or disagrees with terms of an annual farm Review. For the first time ever, NFU this year states its official position as having neither agreed nor disagreed. It applauds some parts of the Review—such as the abolition of the standard quantity for wheat. It deplores other parts—such as the cut in the price of eggs. Overall, union reaction can be summarized as giving guarded approval to the general balance achieved.

Although NFU criticized the government for not making up the full $164.4 million of increased costs in producing Review commodities, it recognized the difficulties the Minister of Agriculture must have faced in gaining even $126 million from public funds.

The Union expressed strong disappointment that the government has not done more toward import saving. It has been pressing for some time for an all-out expansion program under which British agriculture would provide a much greater share of the total market for temperate agricultural products. The Union has come round to the view that retail food prices in the United Kingdom should more closely reflect costs of production and believes the best way to bring this about would be some form of control on imports, preferably through high import prices or levies.

Most press comment on the Annual Review acknowledged the government's relative generosity, but attacked it for not having changed the system of agricultural support toward one using something comparable with a levy system. Most of the British press also now apparently believes that the deficiency payment system keeps the United Kingdom too much out of touch with agricultural support systems in other countries.

NFU and others are dubious about the government's claim that the Review's award for milk will cancel out dilution effects on the pool price. Despite foot-and-mouth disease and a cold winter, milk production these past few months has been at record levels and looks as though it will go on expanding. At the same time, consumption of liquid milk is static. It is true, however, that for many farmers, particularly those with smaller farms in less climatically favored areas of the country, dairying is the only alternative to going out of farming altogether.

Some doubt is also being expressed about whether the terms of the Review for grains will dampen the increase in barley or significantly expand wheat production. There are technical difficulties in growing wheat on land that has been continuously cropped on barley, and the fairly generous treatment of barley could well take away some of the incentive to turn to wheat.

Another point of criticism is that the present Review is inflationary since it increases pressure on the Exchequer.

Impact on U.S. exports

Feedgrains are the main U.S. export that could be affected by terms of the new Review. On the face of it, any substantial increase in U.K. feed wheat production ought to cut into imports of foreign corn, including that from the United States. The aim in encouraging wheat production is precisely to accomplish this import curtailment. However, the impact of the Review on feedgrain imports may be less than aimed for.

First, the opportunities for a very large increase in U.K. feed wheat production are limited in the short term. Second, the main emphasis of the Annual Review is on increased livestock production. It is probable that if the desired expansion in pig numbers comes about, any increase in U.K. barley production will be fully utilized by pig producers. If cattle numbers and broilers increase, extra amounts of feed will be needed. It seems probable that the increase in U.K. feed production will no more than match increase in livestock numbers, leaving the net import requirement position relatively unchanged.

For protein feed, the increase in numbers should increase import demand. However, the United States is by no means the major source of supply for oil cake and meal.

The Review could marginally affect U.K. demand for U.S. variety meats if production expands faster than consumption.

Generally, the terms of the agricultural Review will be of less significance to the United States-United Kingdom trade in agricultural products than the impact of the government Budget and the continuing squeeze on incomes and expenditures.

Will affect world sugar markets

EEC Adopts More Protective Sugar Policy

Next July 1 the European Economic Community will implement a new regulation protecting its sugar industry. This new Common Agricultural Policy establishes a unified market throughout the community with common price-support levels, uniform import levies, and—when appropriate—export subsidies. Protection of EEC sugar extends also to sugar contained in imported products, such as preserved fruit and vegetables.

The levies on sugar-containing products are likely to have a significant impact on U.S. sales of these commodities to the EEC. While the new sugar policy is said to be aimed at EEC sugar self-sufficiency, it is also likely to result in substantial surpluses. Continued EEC self-sufficiency and the creation of a new sugar-surplus area can have important implications in countries already exporting sugar, now hagridden by excessive world supplies.

The new sugar regulation follows interim arrangements put into effect for the 1967-68 crop year. The main purpose of the interim regulation was to establish identical rules of protection and price supports in all Member States and to attempt some control over the quantities carried into the next crop year.

A number of decisions have yet to be made concerning the implementation of the new regulation. Many of these apply to sugar as a raw material for industrial uses.

Production and consumption trends

During the fifties, beet sugar production in the continental areas plus cane sugar in the French Overseas Departments, came close to filling consumption needs in the EEC countries, exceeding them on occasion. The area planted to beets has expanded by roughly 9 percent since the early fifties, while sugar yields per unit have increased in each of the Six. Per capita consumption, already high in all EEC countries except Italy, has not changed much. Therefore, the growth in total consumption (except for Italy) was largely due to population increase. Exportable surpluses produced in 1963 and early 1964 created little problem, since there was a ready demand on the "world market." During this period world supplies were short and prices high. In late 1964, however, world surpluses of sugar developed and world prices dropped to markedly low levels.

In 1967-68, EEC sugar production is expected to approach 7.0 million metric tons, somewhat more than consumption, which will be near 6.5 million tons. Both production and consumption in the EEC amount to roughly 10 percent of the world total. EEC sugar production, as well as trade, has had some type of control for many years. However, the new sugar CAP is a more far-reaching regulation than controls of the past and will have some impact on the world market.

Even now, surpluses exist. France recently offered 115,000 tons for export sale at a very low price. The Community's sugar production is capable of still more expansion. Given the new policy, one EEC study estimates that unless production is restrained, internal needs in 1970 will be exceeded by 5 percent from beet sugar production in the continental areas alone and by 12 percent when cane sugar from the French Overseas Department is included. The new CAP does include restraints, as discussed below. However, production potential so far untapped, coupled with mechanisms enabling stimulus of production, permits the Community to become a net exporter whenever this appears advantageous to EEC officials.

EEC FOREIGN SUGAR TRADE, NET YEARLY AVERAGE 1964-66
(+=net imports; −=net exports)

Source or destination	Belgium-Luxembourg	France	Germany	Italy	Netherlands	EEC
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Other EEC countries	−22.5	−265.6	+177.1	+60.7	+50.3	—
French Overseas Departments	—	+376.1	—	—	—	+376.1
Associated African States	−26.7	−89.8	—	—	—	−116.5
Algeria	—	−169.4	—	—	—	−169.4
Greece	−2.7	−16.1	—	—	—	−18.8
Colonies	—	+14.8	—	—	+5.2	+20.0
Communist countries, including Cuba	+13.1	+13.1	+72.8	+160.9	+32.1	+292.0
United States	−.5	−51.7	—	—	−.3	−52.5
Latin America	+1.4	+55.3	+6.1	+69.2	+1.1	+133.1
Middle East	−31.7	−74.4	—	—	—	−106.1
Asia	−.7	+14.8	—	+23.6	—	+40.7
British Commonwealth countries	−1.2	−56.4	+.5	+15.2	+68.0	+26.1
Other countries, mostly in Western Europe	−1.3	−132.0	−3.4	+3.3	+10.9	−122.5
Total	−72.0	−381.3	+253.1	+332.9	+170.3	[1]+302.2

[1] Small net imports served to increase stocks-on-hand, which grew from 950,000 metric tons in mid-1964 to 1,934,000 tons in mid-1966.

International Sugar Council, 1966 Sugar Year Book.

The unified sugar market

The new marketing system includes the following (prices quoted are the current established levels):

1. **Target price,** $22.35 per 100 kilograms or 10.14¢ per pound for white sugar. This, paid to the factory, reflects the desired return to the beet grower and is set for the zone of greatest surplus, which is northern France.

2. **Intervention price,** $21.23 per 100 kilograms or 9.63¢ per pound for white sugar. This is for the same time and point as the target price. Intervention prices provide a floor to community sugar prices, since sugar will be purchased by government agencies at these prices. It is 5 percent below the target price.

3. **Minimum beet price** within the base quota (discussed later) as established for July 1, 1968, is $17.00 per metric ton for beets containing 16 percent sucrose. The minimum beet price within a supplementary quota is to be $10.00 per ton.

4. **Threshold price** will be the target price in northern France, plus transportation costs to southern Italy. The c.i.f. offer price will be calculated for a single port of entry.

5. **Variable import levies.** The difference between a threshold price and the lowest c.i.f. offer price calculated for a single port of entry (possibly Rotterdam) is to be fixed for imports of white sugar, raw sugar, and molasses. Levies may also be fixed in advance.

6. **Export subsidy** will cover the difference between Community prices and world market prices and may be varied according to country of destination. For example, based on EEC and world market prices of the past few years and the outlook for the immediate future, it is expected that the EEC in exporting sugar would do it at a subsidized price.

Prices in regions outside of northern France will be derived from the basic target and intervention prices, taking into account regional differences in such factors as normal yields and unrestricted trade in white sugar. Neither regional price differences nor the regions themselves have been defined as yet. An intervention price for cane sugar in the French Departments of Guadeloupe, Martinique, and Reunion is provided for.

When the c.i.f. price of sugar imports is lower than the threshold price, the difference between the two prices shall be paid as an import levy. When the c.i.f. is higher than the threshold price, import subsidies may be applied, as well as levies on exports from the EEC. Premiums will be paid on sugar rendered unfit for human consumption. Also, there may be a partial exemption of import levies on sugar destined for the chemical industry, or for similar use.

Relationship between beet and wheat prices. The basic beet price is close to 17 percent of the price of wheat other than durum. The beet-to-wheat price ratio has been trending upward for many years, as reflected in the expanded EEC beet acreage. The new price, the highest ratio yet, is recognized as a stimulus to still greater production; for this reason price guarantees are linked to production quotas. This is the first time an EEC Common Agricultural Policy has resorted to any semblance of limitations on crop production.

"Base quotas"

The new sugar regulation sets forth each Member State's basic share in total Community production. This share will be further reapportioned by each individual government to sugar processing factories so that each factory receives its respective "base quota." Factories must pay growers the minimum price for beets used to produce this "base quota." However, factories are given latitude to produce additional sugar up to a "maximum level."

This maximum is set for the next 3 years at 135 percent of the factory "base quota." As the production of each factory approaches the "maximum level," it becomes subject to proportionately larger assessments to defray costs of disposing of excessive production—that is, the cost to the Community of export subsidies, denaturing premiums, or storage. Factories may pass this assessment on to growers as lower prices for beets, but for sugar production within the "maximum level" the grower will receive at least $10 a ton, a price thought to be unattractive everywhere except in certain parts of northern France. "Excessive production" is considered to be that in excess of 105 percent of human consumption needs. Factories will not normally receive any benefit under the new CAP for production in excess of the "maximum level."

This system of "base quotas" will remain in force until mid-1975, by which time it is expected that the Community's sugar industry will have become more "rationalized," allowing permanent arrangements to be implemented.

Incentives for Italy

In Italy beet growers and processors will benefit from special incentives until mid-1975. Farmers may be subsidized by as much as $1.10 a ton for beets corresponding to the "base quota" of sugar production. Within the same limit, factories may be subsidized up to $14.60 per ton of white sugar.

It is noteworthy that the "maximum" production level, now roughly 135 percent of estimated consumption, applies only to the 3-year period starting next July 1. If the current world surplus and low prices were to continue through most of this period, excessive production would incur heavy costs. The Community's production during the next few years can be expected to exceed human consumption with some excess for the nonfood uses and, possibly, small net exports. But bearing in mind that the 135-percent figure was considered appropriate in the face of ample stocks-on-hand and an unfavorable world market situation, it is unlikely that it will be lowered 3 years from now.

Rather, it appears that EEC officials left open the option to increase production after 1971; it is reasonable to expect they will consider this course if the export outlook improves.

Impact of CAP on world trade

The EEC CAP for sugar is expected to: (1) Expand EEC sugar production; (2) make EEC a net exporter; and (3) seriously impair access to the EEC market.

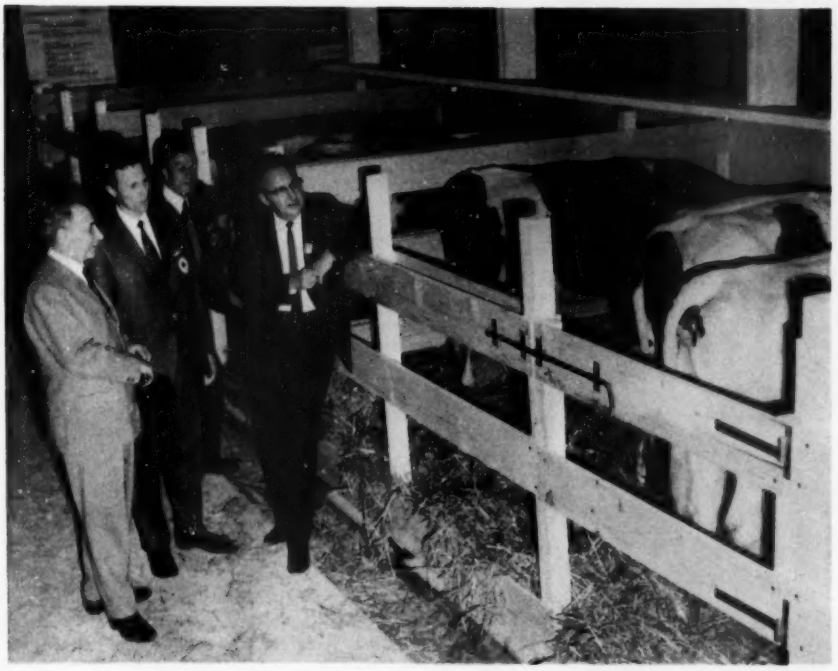
Germany, Italy, and the Netherlands are traditionally sugar deficit areas, importing much of their consumption needs from France and Belgium. The latter countries, notably France, have long been net exporters; they also import substantial amounts of raw sugar to refine and export as white sugar. Assuming continued self-sufficiency, the Communist countries would suffer the largest reduction in sales to the EEC. Latin America would also lose an appreciable part of its market. The moderate shipments from independent Asian exporters and the British Commonwealth would also cease.

Trade patterns have been erratic in the last decade, but Algeria will likely continue as the Community's largest single

U.S. Livestock Shown at Verona

The 70th International Agricultural Exhibit at Verona last month had in its gallery of national exhibits a huge U.S. display, with Angus and Holstein cattle, rabbits, hogs, baby chicks, and a feed-grain information booth. Some 65,000 trade visitors came to the exhibit on opening day and large crowds continued throughout the 9-day agricultural fair.

Interest was expressed and some orders taken for Holsteins and Angus. Also, a prominent Italian stockman who saw the American livestock exhibit will be in the United States soon to buy breeding stock for resale in Italy. A number of exhibited swine and rabbits were sold.



Above, a Milan cattle importer, far left with some American officials, looks over U.S. Holsteins on exhibit. Top left, the 165-foot facade of the U.S. hall where livestock was kept. Bottom left, a Poland China gilt and her litter of nine—a few of the swine exhibited which drew considerable interest and on-the-spot purchases.

Continued from page 10

export market due to its special relationship with France. The Middle East has been an important outlet, as have most of Western European countries outside the Community. The Associated African States and Madagascar, 18 countries in all, include only four major producers. Sugar imports from the EEC are now given a 5-percent tariff preference.

Greece, a substantial sugar importer, is preparing for admission into the EEC and has already cut duties on EEC sugar to 24 percent ad valorem, half those applying to third-country sugar. The income elasticity for sugar is high at the low per capita consumption levels prevailing in the African area and Greece, so that to the extent that incomes rise these areas can become important markets for EEC sugar.

The U.S. Sugar Act provides a small quota for the French Departments of Guadeloupe and Martinique, which are technically integral parts of France. Shipments to the United States in both 1966 and 1967 were over 55,000 tons a year, roughly 24 percent of total exports from the French West Indies. With the basic EEC intervention price of 9.6 cents a pound for white sugar and the U.S. quota price over 7 cents (c.i.f., raw), it is uncertain whether the United States will remain an attractive market.

The eight Commonwealth sugar exporters benefiting from the British Commonwealth Sugar Agreement are concerned about their markets if the United Kingdom is admitted to the EEC. Under this agreement, the United Kingdom in 1968 provides these Commonwealth suppliers with an assured market for 1.7 million tons at 4.75 cents a pound (f.o.b., raw), significantly above the so-called world price. The agreement is due to expire in 1974, but the British Government has repeatedly stated that any subsequent arrangements will be no less favorable to Commonwealth exporters than the present ones. About three-quarters of the U.K. consumption needs must be imported, so that competition between U.K. and EEC sugar could become a major problem. But a more critical question might be reconciling the Commonwealth price with the higher EEC price.

Restricting access to the EEC market will to some extent hurt countries that are traditional sugar exporters and highly dependent on sugar exports for foreign exchange earnings. Practically all these countries are underdeveloped.

U.S. Winter Wheat Arrives in Lebanon

The first of several shipments this year of U.S. wheat to Lebanon financed for export under the Commodity Credit Corporation export credit sales program arrived in Beirut last month. The cargo—30,000 metric tons of Hard Red Winter valued at $1.7 million—was sold to Lebanon's Office of Cereals and Sugarbeets. Lebanon has been purchasing U.S. agricultural products under CCC credit since 1964.

Unloading of the U.S. wheat was handled by five automatic evacuators and by workers manually bagging the grain into 220-pound sacks which were lifted into trucks and moved into warehouses. The country uses about 280,000 metric tons of wheat a year; roughly three-fourths of this is imported. Australia is its single main source.

Bagged U.S. wheat is lowered into waiting trucks from the hold of the Simonburn —largest grain carrier to dock in Beirut.

Ad for U.S. Poultry Wins Prize in Tokyo

The Institute of American Poultry Industries' Tokyo office was awarded a trophy recently for an ad placed in *Fujin Koron,* a leading women's magazine in Japan. One of the three pages making up the color and black-and-white ad is pictured at right. It extolls the value in buying poultry with the USDA emblem certifying its wholesomeness.

The other two pages identify the various cuts of poultry by small line drawings and describe some Japanese recipes.

The Institute cooperates with FAS in administering the U.S. poultry industry's international trade development program. The award-winning advertisement, prepared by a Tokyo ad agency, was one of 1,332 newspaper and magazine ads entered in the contest.

Saudis Are Trying More U.S. Foods

Higher incomes and increasingly sophisticated tastes are widening the market for imported foods—particularly American items—in Saudi Arabia. Canned and frozen items among the new U.S. foods on store shelves are proving particularly popular. (Cereals, meat, and vegetables have been the big U.S. agricultural exports to Saudi Arabia.)

A big factor in the changing market scene is the new foreign-product consumer—the Saudi at the worker-laborer level just beginning to have riyals to spend on imported goods. When shopping for imports, these consumers tend to experiment by buying inexpensive Asian or East European products. They are not now a strong buying block but are a force to watch.

In Jidda, the major seaport and third largest city, the one or two self-service stores—stocked with American foods originally to serve the small Western community—have expanded to several retail outlets. Business is brisk in these stores, despite higher prices on U.S. foods than for standard Arabian items.

Long-term outlook for the U.S. market in Saudi Arabia is good. The steadily increasing volume of rice sales is one example of this. Rice, the single biggest U.S. export to Saudi Arabia, has seen increasing demand during recent years: U.S. promotion in mid-1962 added impetus to the upsurge of American rice sales to Saudi Arabia. Exports jumped from $1.5 million in 1961 to about $3.6 million in 1962 and reached $9.4 million in 1966.

Spurred by the continuing expansion in petroleum production over the past 10 years, the Saudi Arabian economy has been climbing upward and is currently at a peak that shows no signs of subsiding. Despite the Middle East war in June and resultant closing of the Suez Canal, prices seem to have remained stable. Consumer demand for foreign food and manufactured products is expected to continue strong. However, continued closure of the Suez Canal is accelerating a trend to trade with the Far East, although to date the United States still dominates the import market.

Saudi Arabia's generally favorable economic picture for the immediate future indicates the volume of imports should continue growing, but the U.S. share of the market may not rise because of increasingly stiff foreign competition.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Between April 3 and April 10, 1968, there was very little change in the offer prices of wheat. U.S. Spring and Argentine wheat increased 2 cents while U.S. Soft Red decreased 2 cents. Canadian Manitoba and Russian wheat were unchanged. U.S. 12 percent was not quoted.

U.S. corn decreased 3 cents per bushel, while South African corn prices dropped 1 cent. Argentine corn increased 1 cent per bushel.

A listing of the prices follows.

Item	April 10	April 3	A year ago
Wheat:	*Dol. per bu.*	*Dol. per bu.*	*Dol. per bu.*
Canadian No. 2 Manitoba	2.03	2.03	2.18
USSR 121	1.92	1.92	(1)
U.S. No. 2 Dark Northern Spring, 14 percent	1.93	1.91	2.13
U.S. No. 2 Hard Winter, 12 percent	(1)	(1)	1.96
Argentine	1.90	1.88	(1)
U.S. No. 2 Soft Red Winter	1.66	1.68	1.96
Corn:			
U.S. No. 3 Yellow	1.34	1.37	1.60
Argentine Plate	1.46	1.45	1.60
South African White	1.44	1.45	1.62

[1] Not quoted.

Note: All quotes c.i.f. Rotterdam and for 30- to 60-day delivery.

Estimate Out on U.K. Grain Trade

The United Kingdom in fiscal 1968 is importing about the same amount of wheat and flour and feedgrains as it did in 1966-67, according to the fifth estimate of the U.K. Home-Grown Cereals Authority. (See *Foreign Agriculture*, January 13 and February 12, 1968, for reports on the first and third estimates.)

Imports of wheat and flour in fiscal 1968 are estimated at 4.1 million long tons, wheat equivalent, which is 50,000 tons above the fourth estimate, 100,000 above the third, and 10,000 below imports in fiscal 1967. The increase has been made because of recent heavy shipments of French feed wheat into the United Kingdom and a 100,000-ton increase in projections of U.K. use of wheat for animal feed. Through July-January, imports and forward purchases of wheat totaled 3.58 million tons, as compared with 3.63 million in the same period of fiscal 1967. This leaves 515,000 tons still to be purchased, against 475,000 outstanding at the same time in 1967.

Import projections for feedgrains stand at the previously estimated level of 4.05 million tons—also the same as imports in fiscal 1967. Through January 3.57 million tons of this had been imported, with only 480,000 remaining for purchase. At the same time in 1967, the amount still outstanding was 1.04 million tons, more than twice this amount.

The Home-Grown Cereals Authority in its fifth estimate expressed disappointment at the utilization of domestic grains in fiscal 1968. Unsold stocks of wheat on farms in the United Kingdom totaled 780,000 tons in January 1968, or 130,000 tons above those at the same time in 1968. Similarly, stocks of barley were up 410,000 tons to 2.48 million tons, and stocks of other feedgrains were up 110,000 tons to 590,000.

Current Corn Crop in South Africa

The South African corn crop is currently expected to be about 215 million bushels, compared with the record 389 million bushels harvested in 1967 and the 1960-64 average of 203 million.

Although planted acreage of corn is about 6 percent above that of last year, drought conditions during January and February have seriously affected yield prospects. General rains in early March provided only limited relief, and the crop is still dependent on weather conditions until the harvest that begins in May.

Plantings of grain sorghum were sharply reduced this year. The crop, like corn, has also been hard hit by drought and is expected to be about 10.5 million bushels, as compared with the exceptional 36.7 million-bushel crop in 1967 and the 1960-64 average of 11.6 million.

Japan's Soybeans, Safflowerseed Imports

Japan's imports of soybeans during January-February 1968 totaled 433,544 metric tons (15.9 million bushels), 7 percent above the 406,660 (14.9 million) imported in the same period last year. Virtually all of the increase was in imports from the United States, which reached 375,883 tons (13.8 million bushels), 8 percent above those a year ago—349,213 (12.8 million). U.S. beans accounted for 87 percent of the total compared with 86 percent in the first 2 months of 1967 and

JAPAN'S IMPORTS OF SOYBEANS, SOYBEAN MEAL, AND SAFFLOWERSEED

Commodity and major source	1966	1967	Jan.-Feb. 1967	Jan.-Feb. 1968
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Soybeans:				
United States	1,777.2	1,770.5	349.2	375.9
Total	2,168.5	2,169.8	406.7	433.5
Soybean cake and meal:				
United States	7.0	2.3	1.0	....
Total	7.4	2.3	1.0	....
Safflowerseed:				
United States	108.6	112.6	22.7	22.1
Total	147.6	126.8	28.9	22.2

Japanese Customs Bureau, Ministry of Finance.

82 percent of the total in calendar 1967.

There were no imports of soybean cake and meal during January-February. Only 995 tons, all from the United States, were imported in the first 2 months last year and only 2,276, largely from the United States, in calendar 1967.

Imports of safflowerseed in January and February were 22,241 tons, almost one-fourth less than last year's total for the comparable period. Virtually all of the safflowerseed came from the United States—22,098 tons, only 3 percent less than in 1967. Japan imported 112,563 tons of U.S. safflowerseed in calendar 1967, an increase of 4 percent from 1966.

U.S. Meat Imports Subject to Quota Up

U.S. meat imports subject to quota restrictions totaled 72.6 million pounds in February 1968. This level of imports was 24 percent greater than for the same period a year earlier. Imports for the first 2 months of 1968 at 153.4 million pounds were 13 percent above the first 2 months of 1967.

U.S. IMPORTS OF MEAT SUBJECT TO MEAT IMPORT LAW (P.L. 88-482)

Imports	Feb.	Jan.-Feb.
	Million pounds	*Million pounds*
1968:		
Subject to Meat Import Law [1]	72.6	153.4
Total beef and veal [2]	79.4	168.2
Total red meat [3]	115.8	241.3
1967:		
Subject to Meat Import Law [1]	58.5	135.9
Total beef and veal [2]	64.2	147.2
Total red meat [3]	97.6	210.1
1966:		
Subject to Meat Import Law [1]	60.3	111.7
Total beef and veal [2]	63.3	122.0
Total red meat [3]	96.8	184.8

[1] Fresh, chilled, and frozen beef, veal, mutton and goat meat. [2] All forms, including canned and preserved. [3] Total beef, veal, pork, lamb, mutton, and goat.

Japanese Import More U.S. Cotton

Total raw cotton imports by Japan increased from about 3.1 million bales (480 lb. net) in 1965-66 (August-July) to 3.6 million in 1966-67, and purchases from the United States jumped from 0.8 million bales in 1965-66 to 1.2 million in 1966-67, an increase of about 50 percent. In 1965-66 U.S. raw cotton was 27 percent of total cotton imports; in 1966-67 it was 35 percent.

The main reasons for the jump in purchases of U.S. cotton in 1966-67 were competitive prices that season and a small supply of cotton of desirable qualities in other exporting countries.

Imports of cotton by Japan in the months August-November of the current season totaled 885,616 bales, of which about 31 percent was from the United States.

JAPAN'S RAW COTTON IMPORTS

Country of origin	1965-66	1966-67
	Bales [1]	*Bales* [1]
United States	828,502	1,239,137
Mexico	798,860	677,533
Nicaragua	319,742	319,030
USSR	80,491	222,174
India	121,847	155,634
Pakistan	119,714	94,425
Guatemala	149,034	125,776
Brazil	102,037	125,130
El Salvador	251,954	85,052
Others	305,575	512,147
Total	3,077,756	3,556,038

[1] 480 lb. net.

Nigeria Ginger Exports Fall Sharply

Reflecting smaller production and the effects of internal fighting, Nigerian 1967 ginger exports amounted to only 2.52 million pounds, less than half of the 1966 total of 6.27 million. The Northern Regional Marketing Board reported purchases from farmers for the 1966-67 season at 3.26 million pounds, compared with 3.70 million for the previous season and 6.29 million during 1964-65.

Near-Record Sarawak Pepper Exports

Exports of black and white pepper from Sarawak during 1967 totaled a near-record 43.6 million pounds, up 49 percent over the year before—the highest level since 1956 shipments of 44.4 million pounds. Despite continued efforts to export direct to consuming countries, 38.2 million pounds (nearly 88 percent) was shipped to Singapore for packaging.

Iran Nears Self-Sufficiency in Sugar

Sugar production in Iran has increased markedly in the past few years. The level of production now averages about 420,000 metric tons annually, compared with a yearly consumption of 550,000 tons. If the current rate of production increase continues, Iran will produce close to 600,000 metric tons of sugar annually in another 4 years. The Khuzistan region is the most promising for increasing production, and outturn of cane sugar will probably more than double from the present 40,000 metric tons.

While some reports indicate that production will overtake consumption by 1972, prospects for achieving this goal remain uncertain. Competition from other crops for the same irrigated land will slow up further expansion of sugar-beet acreage. Also, the per capita consumption of sugar in Iran, which is currently low, has been increasing.

Argentine Sugar Goal Increased

The Argentine Government has increased the 1968 sugar production quota by 50,000 metric tons from the 750,000-ton limit (refined basis) announced last October. According to the government, the additional amount is needed to cover export commitments.

It has been specified that 130,000 tons must be marketed as raw sugar. A recent sale of 100,000 tons for export that had not been anticipated probably spurred the quota increase.

Zambia To Open New Sugar Factory

A raw sugar factory will open on May 17 at Nakambala Sugar Estate, Mazabuka, in Zambia. The factory's opening will be a culmination of a scheme introduced in 1963 to give Zambia a viable sugar industry. Sugarcane will be obtained from the 5,000 acres already planted at Nakambala. An additional amount will be supplied by the 350 acres produced by private out-growers in the Mazabuka area.

When the raw sugar factory comes into production, about 27,000 tons of raw sugar will be available from the first year's crop of cane. This can be shipped by rail to the Ndola factory for processing into various products. Zambia will then be almost self-sufficient in sugar. Further development of the sugar industry is planned.

Nigeria's Cocoa Bean Exports Climb

Because of a large 1966-67 crop, Nigeria's 1967 cocoa bean exports jumped nearly 31 percent over the previous year to 246,624 long tons. The Netherlands was the largest recipient of the shipments taking 56,191 tons, or 23 percent of the total. Other major destinations were (in long tons): the United States (42,275); the United Kingdom (42,230); West Germany (34,250); Italy (17,075); and the USSR (15,700).

Record New Guinea-Papua Cocoa Exports

Cocoa bean exports from New Guinea and Papua in 1967 totaled a record 20,913 long tons, up 16 percent over 1966. The rise in exports was attributed to larger production as new trees come into bearing. The 1967 exports were nearly double the 1960-64 average export level of 11,804 tons.

Malagasy Vanilla Exports Decline

Vanilla-bean exports from the Malagasy Republic in 1967 totaled 666 metric tons valued at $6.8 million, down 25 percent from 1966 shipments of 885 tons valued at $9.0 million. The sharp fall in exports was attributed to reduced purchases by the United States, which usually accounts for over four-fifths of the Republic's vanilla shipments.

Philippine Tobacco Crop Up Sharply

Unofficial estimates place the 1967-68 tobacco harvest in the Philippines at about 165 million pounds, up 16 percent from last season's 142 million. All of the increase is expected to be in the native dark air-cured types. Flue-cured production may be about 1 million pounds smaller than the 73 million harvested last season.

Stocks of flue-cured in the Philippines are very substantial. As of June 30, 1967, they exceeded 300 million pounds, excluding most of the 1966-67 crop still on farms as of that date. During the year ended June 30, 1967, domestic consumption and exports of flue-cured tobacco totaled only 57 million pounds.

Peru Manufactures More Cigarettes

Peruvian cigarette output in 1967 rose to about 4.5 billion pieces—a gain of 60 percent from the 2.8 billion produced in 1966. Most of the increase occurred in manufacture by private companies, although the Monopoly continued as the major cigarette producer. Cigarettes made from light tobaccos accounted for 35 percent of the total output in 1967, compared with 27 percent in 1966

At present, all tobacco used in light cigarettes must be imported, as no flue-cured and burley is being grown commercially in Peru. Most of the imported tobacco used in the light cigarettes is imported from the United States in the form of semi-processed blended tobaccos, recorded in U.S. export statistics as "smoking tobacco in bulk."

Experiments are being conducted in Peru for the purpose of developing production of flue-cured and burley tobaccos.

U.S. General Imports of Tobacco Climb

General imports (arrivals) of unmanufactured tobacco into the United States during January-February of 1968 totaled 90.5 million pounds, valued at $59.7 million. This compares with 70.7 million pounds in January-February 1967, and 45.6 million in January-February 1966. The biggest gain occurred in arrivals of cigarette leaf, which totaled 77.7 million pounds in the first 2 months of 1968, compared with 64.8 million in January-February last year, and 36.7 million in 1966.

U.S. GENERAL IMPORTS OF UNMANUFACTURED TOBACCO

Kind of tobacco	January-February					
	1966		1967		1968	
	Quantity	Value	Quantity	Value	Quantity	Value
	1,000 pounds	*1,000 dollars*	*1,000 pounds*	*1,000 dollars*	*1,000 pounds*	*1,000 dollars*
Cigarette leaf (flue, burley)	224	90	173	85	2,001	683
Cigarette leaf (other)	36,439	25,033	64,647	46,694	75,691	54,901
Wrapper	49	235	53	327	70	349
Mixed filler & wrapper	(1)	(1)	148	106	1	2
Filler, unstemmed	1,571	537	1,951	776	6,806	2,001
Filler stemmed	220	226	317	348	330	395
Scrap	7,123	2,058	3,455	605	5,608	1,331
Total [2]	45,626	28,179	70,744	48,941	90,507	59,662

[1] Included in wrapper. [2] Excludes stems.

Rhodesia Sets Tobacco Quota

The Rhodesian Government has set a target of 132 million pounds for the 1968-69 harvest of flue-cured tobacco—the same as for the current crop now being sold in secrecy at the Salisbury market. The government support level for next year's crop, however, is to be only 22 pence (26 cents) per pound, compared with 28 pence (33 cents) for the 1967-68 crop. This means that the average price to producers will fall below production costs, which were calculated at 26 pence per pound in a study several years ago.

The current 1967-68 harvest has been grown by an estimated 1,740 producers, compared with 2,629 producers during the 1965-66 season. Drought conditions have affected the quality of this season's crop, although the volume of production is expected to be near the 132-million-pound target. Most of the crop will be of low-nicotine content.

U.S. Share of Israeli Tobacco Imports Up

Israel's imports of unmanufactured tobacco in 1967 totaled 5.1 million pounds, compared with 5.3 million in 1966. The United States supplied 1,260,000 pounds in 1967, or 25 percent of the total. This compares with 913,000 pounds, or 17 percent in 1966. Greece remained as the major supplier of tobacco last year, accounting for 1,638,000 pounds. In 1966, purchases of Greek leaf were 1,896,000 pounds.

In addition to leaf tobacco, Israel imported a total of 245,000 pounds of cigarettes and 23,000 of pipe tobacco in 1967.

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The United States furnished 223,000 pounds of cigarettes, and 13,000 pounds of pipe tobacco. Imports of cigars totaled only 4,000 pounds.

ISRAEL'S IMPORTS OF UNMANUFACTURED TOBACCO

Origin	1965	1966 [1]	1967 [1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Greece	2,059	1,896	1,638
United States	762	913	1,260
Turkey	1,360	1,512	1,178
Bulgaria	1,113	606	470
Romania	....	....	225
Yugoslavia	498	137	208
South Korea	....	....	56
Canada	176	42	....
Rhodesia	53	60	....
Others	185	96	70
Total	6,206	5,262	5,105

[1] Preliminaries subject to revision.

Philippine Output of Cigarettes

Output of cigarettes in the Philippines increased sharply in the year ended June 30, 1967. Total output was 32.6 billion pieces, made up of 16.5 billion native-type containing locally-grown dark air-cured leaf, and 16.1 billion Virginia-type (mainly flue-cured). In 1965-66, output of cigarettes totaled 30.3 billion pieces, of which native-type brands accounted for 16.7 billion, and Virginia 13.6 billion. Thus the increase in 1966-67 consisted entirely of Virginia-type cigarettes. The rise in output of the latter type is attributed partially to the larger availabilities of high-quality blending tobacco imported from the United States, and partly to the government's anti-smuggling campaign to reduce illegal consumption of imported cigarettes.

Israeli Cigarette Output Up

Israel's cigarette production in 1967 totaled 7.1 million pounds, up nearly 5 percent from the 6.8 million in 1966. Cigarettes accounted for 96 percent of the total output of tobacco products in 1967, with combined manufacture of cigars, snuff, pipe tobacco, and tombac totaling about 277,000 pounds.

The trend toward more expensive brands of cigarettes continued last year. Cigarette sales were nearly 7.4 million pounds compared with 7.0 million in 1966. Most of the gain was in filter-tipped oriental brands. Sales of all filter-tips represented about 70 percent of total cigarette consumption in 1967, compared with 68 percent in 1966.

South Africa Has Big Tobacco Harvest

Early-season estimates place the 1967-68 tobacco crop in the Republic of South Africa at about 72 million pounds, or some 7.5 million more than in 1966-67. Most of the increase is expected to be in flue-cured leaf, which may reach 32 million pounds this season, compared with last year's crop of 26 million pounds. If the 72-million-pound harvest is achieved, it will be the second largest in the country's history.

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